

December's labour market report for Ontario showed minor changes from November and was on the positive side, since employment held up and the unemployment rate did not increase. This report supported the view that a moderate economic recovery is underway following the worst recession since 1990-92. Complete annual data are now available and 2009 will go down as having the largest job loss since 1991 and the second worst on the modern record (since 1976).

The Labour Force Survey (LFS) uncovered only minor differences in labour market conditions in December from November. Seasonally adjusted employment declined by 16,600 persons or 0.2% in the month, which sounds significant but is below the sampling error (18,900 persons) and may not indicate a real change. However, looking back over the past few months, a modest uptrend is developing and this carries more significance than December's decline from November.

A positive result from December is that full-time employment held up. This important barometer of the labour market is up more than 2% or about 115,000 persons from its June 2009 low. Part-time employment is down about 6% or 80,000 persons in the same period. Firms needing more labour often extend the hours of part-time workers, making them full-time (main job more than 30 hours per week), before hiring new staff. This process restrains the overall employment number and will likely continue for a few more months.

December saw no change in the unemployment rate, which stayed at 9.3% seasonally adjusted. It is looking more likely that the high in the unemployment rate was reached last June, at 9.6%. With modest job growth and a still-declining labour force participation rate generating little or no growth in the labour force, the unemployment rate should fall. Historically, the labour force increases at a faster pace when job growth is robust and that probably will not happen until 2011 or even 2012. During this

desirable phase, even with faster labour force growth, the unemployment rate will decline.

On an annual basis, the unemployment rate in 2010 could eke out a small gain over the 9.1% average for 2009. The key will be job growth or the lack of it in the coming months, and this will depend on whether the U.S. economy falls back into recession and on the state of Ontario's domestic economy later this year. The province's job loss in 2009 was 2.4% or 159,000 persons.

Some main developments in the 2009 labour market were the large job decline outside the Toronto CMA, which measured 3.4% or about 128,000 persons. Toronto's decline was a modest 1.1% or 31,000 persons. Industry job losses were widespread, as they normally are during a recession, but concentrated in manufacturing, business services, construction, primary resource extraction, and transportation.

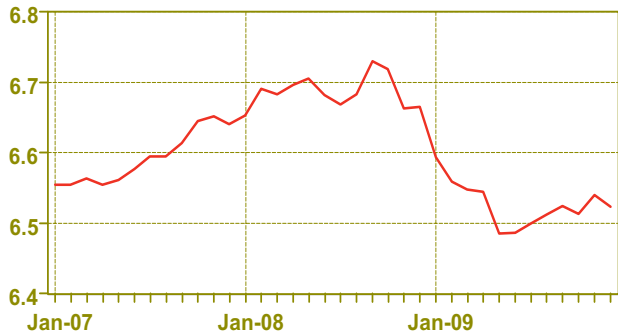
The labour market outlook for 2010 is modestly positive, with job growth at about 0.5% to 1% for the year as a whole and the unemployment rate averaging 9.1%. The forecast sees the shift to full-time employment continuing and Toronto's labour market outperforming the rest of the province.

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Employment, Ontario

Persons - millions

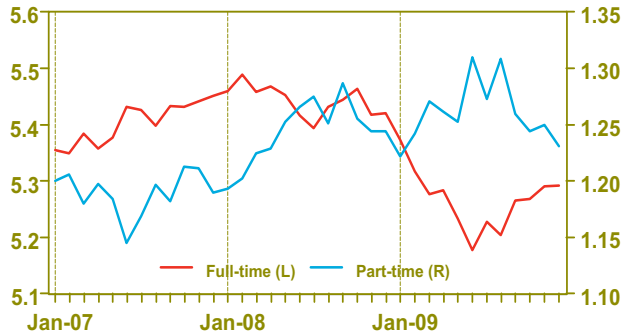


Source: Statistics Canada. Note: Seasonally adjusted. Latest: Dec-09

Full-time and Part-time Employment, Ontario

Persons - millions

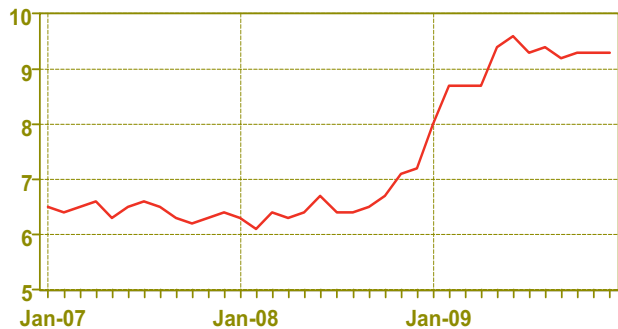
Persons - millions



Source: Statistics Canada. Note: Seasonally adjusted. Latest: Dec-09

Unemployment Rate, Ontario

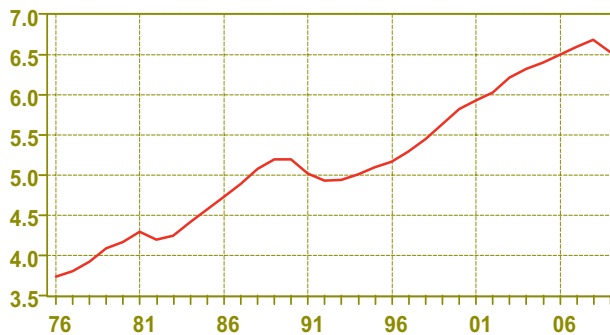
Per cent of labour force



Source: Statistics Canada. Note: Seasonally adjusted. Latest: Dec-09

Employment, Ontario

Persons - millions

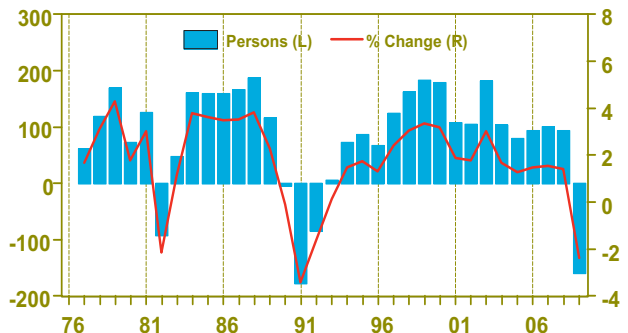


Source: Statistics Canada. Latest: 2009

Change in Annual Employment, Ontario

Persons - millions

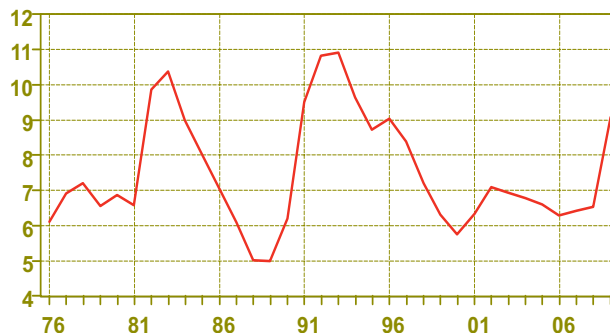
Per cent



Source: Statistics Canada. Latest: 2009

Unemployment Rate, Ontario

Per cent of labour force



Source: Statistics Canada. Latest: 2009

